
OLR Bill Analysis

HB 6338

AN ACT ESTABLISHING THE FINANCE AND BANKING DEVELOPMENT COMMISSION AND THE CONNECTICUT FINANCE CENTER.

SUMMARY:

The bill establishes an eight-member Finance and Banking Development Commission (FBDC) whose primary purpose is to encourage financial service companies and banks to (1) establish operations in Connecticut or (2) charter or organize under the laws of the state. The tasks the bill assigns the commission involve legislative advocacy for state policies, programs, and procedures that might attract more of these entities to locate or do business in the state.

The bill requires the commission to file annual reports with the banking, commerce, and finance, revenue and bonding committees. Its first report is due January 1, 2015.

The bill also establishes the Connecticut Finance Center, whose purpose is to encourage the formation and establishment of financial service companies and banks in Connecticut. It must be located in lower Fairfield County as a branch of the Secretary of the State's Office. Presumably, the secretary will appoint members and set operational procedures.

EFFECTIVE DATE: July 1, 2013, except the provision establishing the Connecticut Finance Center is effective October 1, 2013.

FINANCE AND BANKING DEVELOPMENT COMMISSION

Duties of the Commission

The primary function of the commission is to encourage financial service companies and banks to establish operations in Connecticut or

to charter or organize under the laws of the state. The bill requires that it:

1. advocate for all necessary changes to policies and laws to encourage these entities to do business in, or relocate in, the state (a majority of the commission members must approve any specific advocacy before presenting it to the General Assembly or any state agency);
2. make recommendations, with majority approval, to the General Assembly and the governor regarding legislation, policies, programs and services that will help the state achieve its goal;
3. review and comment on proposed state laws or recommendations that may affect a bank or financial service company's decision to establish business operations in this state, relocate here, or charter or organize under Connecticut laws; and
4. advise the General Assembly and governor on the coordination and administration of state programs that affect the progress of the commission in achieving its desired results.

The bill requires the Department of Economic and Community Development, within its existing budget, to provide the commission with necessary staff.

Appointment of Members

Under the bill, legislative leaders select six of the commission's eight members, each of whom must have experience in areas the bill specifies. Appointing authorities and fields of expertise are as follows:

1. one appointed by the Senate president pro tempore (banking);
2. one appointed by the Senate majority leader (commercial lending);
3. one appointed by the Senate minority leader (investment advisers and broker-dealers);

4. one appointed by the House speaker (private equity or venture capital);
5. one appointed by the House majority leader (hedge funds and investment management); and
6. one appointed by the House minority leader (marketing of finance and banking companies and investment services).

The banking and economic and community development commissioners are ex-officio, nonvoting members. Under the bill, appointing authorities fill vacancies; the newly appointed member must have the same qualifications as his or her predecessor.

The commission must meet as often as the chairperson or a majority of its members deem necessary.

Members of the commission are reimbursed for expenses incurred in the performance of their duties, within available funds.

Term Limit

Members serve two-year terms beginning on October 1st of the year in which they are appointed. The chairperson and vice-chairperson, chosen by the commission from among its members, also serve two-year terms. Absence from three consecutive meetings or from 50% of the meetings in a calendar year is deemed a resignation and is effective immediately.

BACKGROUND

Financial Service Companies

Financial service companies are bank holding companies; savings and loan holding companies; national banks; savings associations; federal savings banks; foreign banks; credit unions; production credit associations; and certain companies which derive 50% or more of their gross income from activities such as loans, letters of credit, acceptance of drafts, or services related to other financial instruments or contracts.

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 17 Nay 0 (03/14/2013)